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VIA FACSIMILE AND REGULAR MAIL

November 29, 2000

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160 North LaSalle Street, Suite C-800
Chicago, Illinois 60601

Commissioner Terry S. Harvill
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Commissioner Mary Frances Squires
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Commissioner Ruth K. Kretschmer
Illinois Commerce Commission
160 North LaSalle Street, Suite C-800
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Commissioner Edward C. Hurley
Illinois Commerce Commission
160 North LaSalle Street, Suite C-800
Chicago, Illinois 60601

Re: ComEd Decommissioning Resolution Proposal
Illinois Commerce Commission Docket 00-0361

Dear Commissioners:

The petition pending before the Commission in this proceeding was filed by Commonwealth Edison Company ("ComEd") as a settlement proposal intended to resolve with certainty and finality the financial responsibility of customers paying under tariff for decommissioning those nuclear plants currently owned by ComEd. ComEd heard the positions of parties interested in this matter before filing the petition and worked to accommodate those interests as best it could in its filing. During the pendency of this proceeding, ComEd indicated its willingness to make other identified concessions intended to address concerns raised in testimony about the possibility of over-recovery. At the pre-bench meeting on November 20, the Commissioners discussed yet another possible condition to approval of ComEd's proposal in this docket. I write to you for the purpose of indicating ComEd's willingness to accept additional terms suggested in your discussion related to the possibility of the donation of two station sites to the State of Illinois.

At the pre-bench meeting, the Commissioners discussed the possibility of providing for the transfer by ComEd of title to ComEd's Zion station site and one other nuclear station site to the State of Illinois after those sites are decommissioned. ComEd agrees with the Commission's observation that providing for additional park lands is beneficial to the citizens of Illinois. While as a legal matter this policy objective is unrelated to ComEd's decommissioning proposal, I am pleased to be able to advise you that ComEd is willing and able to support the Commission's initiative. Accordingly, in the event that the Commission provides for recovery of an acceptable amount for decommissioning, ComEd would agree to the inclusion of a provision providing for the donation discussed above in a final Commission order in this proceeding. Such a donation would need to be subject to the following terms:

- ComEd would agree to require the Genco to transfer Zion Station and one of its other stations to the State promptly after they are decommissioned. The Genco will select the station other than Zion that is to be transferred;
- ComEd's agreement to transfer the stations would not extend to the switchyard, transmission and distribution assets that are located at the station sites. These assets are not to be transferred to the Genco as part of the transfer of the nuclear stations. ComEd would also seek to have the Genco return to ComEd ten acres of the Zion site adjacent to the ComEd switchyard prior to the donation. ComEd seeks to retain these assets in the interests of providing reliable service to customers; and
- ComEd would agree to perform non-radiological decommissioning work at the stations that are to be transferred to the extent described in its decommissioning cost studies presented in this docket and to the extent funds are provided for non-radiological decommissioning by the Commission in its order in this case. This non-radiological decommissioning work will involve removal of site structures to a nominal depth of three feet below grade level whenever possible, back-filling structure voids with clean rubble and soil, and planting of vegetation to stabilize the soil at the site from erosion. After completion of non-radiological decommissioning, the station sites will be in a safe condition ready to be developed for whatever park purposes the State determines would be most appropriate. Upon performance of these extensive site restoration activities and transfer of the sites to the State, neither ComEd nor the Genco will have any continuing liability to the State on account of the condition of the sites at the time of transfer, nor will they have any additional obligation to restore the stations beyond the non-radiological, site restoration work described in the studies.

In order to provide the Commission with assurance that the commitment to donate the two sites is enforceable and will be completed, ComEd proposes that the

Commission's order, in the "Findings and Conclusions" section, include the following language:

Before collecting the decommissioning recoveries authorized by this Order, ComEd shall file with the Commission a signed agreement between ComEd and Genco obligating Genco to transfer the Zion Station site and one other station site to be identified by Genco (excluding the switchyard, transmission and distribution assets and ten acres of the Zion site adjacent to the switchyard), to the State of Illinois upon the completion of radiological and non-radiological decommissioning, as described in the decommissioning cost studies prepared by TLG Services and introduced as exhibits in this proceeding providing for removal of site structures to a nominal depth of three feet below grade level whenever possible, back-filling structure voids with clean rubble and soil, and planting of vegetation to stabilize the soil at the site from erosion. After completion of non-radiological decommissioning, the station sites will be in a safe condition ready to be developed for park purposes. The agreement must provide that the Illinois Attorney General shall have the right to enforce the agreement on behalf of the people of the State of Illinois.

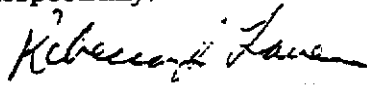
By agreeing to this additional concession, ComEd is further enhancing a settlement proposal that it believes is beneficial to the public. In its petition, ComEd proposed to collect \$120.9 million from customers only for the six-year period that a power purchase agreement would exist between ComEd and the Exelon Genco to which ComEd would transfer its nuclear stations. For the first four years of the agreement, ComEd would obtain essentially all of its power supplies from the Genco. In years five and six, ComEd would obtain its power supply from the Genco, up to the available capacity of the nuclear stations. ComEd has agreed that no decommissioning amounts would be recovered from customers in years five and six unless purchases of electricity for ComEd customers were made under the Power Purchase Agreement in those years. ComEd's proposal means that decommissioning collections would be permitted only so long as ComEd and its customers continue to receive electricity produced by the stations.

Approval of ComEd's proposal will facilitate separation of the Company's wires and generation businesses and further the intent of the 1997 restructuring legislation to "promote the development of an effectively competitive electricity market" in ComEd's service territory. 220 ILCS 5/16-101(d). ComEd's request to collect \$120.9 million for each of six years is about \$1 billion less than what ComEd would be legally entitled to recover for the next twenty-seven years if it did not transfer the stations. The resolution will therefore provide substantial savings in decommissioning costs for ratepayers. It will also give them certain protection against future decommissioning cost increases, while they continue to enjoy access to a reliable source of power under the terms of the power purchase agreement with Genco. Any funds remaining after completion of all decommissioning activities will be refunded to ComEd customers, and ComEd will provide for this by agreement with Genco.

Members of the Illinois
Commerce Commission
November 29, 2000

In sum, ComEd initiated this proceeding in order to achieve a resolution of ratepayer decommissioning liabilities in connection with the transfer of its nuclear stations. ComEd recognizes that in the context of such a resolution, the Commission is seeking a result that it believes is in the public interest. To further the public interest, ComEd will accept voluntarily a condition requiring a commitment to transfer two station sites subject to the conditions discussed above.

Respectfully,



Rebecca J. Lauer
Vice President and General Counsel

cc: Service List attached
Donna Caton

PC Docs #16676v1

ICC #00-0361 - DECOMMISSIONING RESOLUTION

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